

## GOVERNANCE REPORT

## Corporate Governance Report



**Philip Toomey**  
Chairman of the Board

Dear Shareholder,

I am pleased to present the Kerry Group Corporate Governance Report for the year ended 31 December 2021.

The Corporate Governance Report describes how we apply the main Principles of good governance as set out in the 2018 UK Corporate Governance Code and the Irish Annex (the Code). On behalf of the Board, I can confirm that for the year under review the Group has complied with all relevant Provisions of the Code other than one remuneration related Provision which will be complied with from 1 January 2023 when Executive Director pension entitlements are aligned with those available to the general workforce in Ireland.

Since the declaration of the COVID-19 pandemic in 2020, the Board has focused on managing the impact of the pandemic on all stakeholders and has overseen the Group's response by providing critical guidance and support to Executive Management. Physical Board meetings were not possible during the height of COVID-19 related restrictions but resumed in the latter part of 2021 as these restrictions were eased.

The Board sets the tone and shared values for the way in which the Group operates and recognises the importance of culture to the success of the business model. During 2021, the

Board continued to assess and monitor the Group's culture to ensure that it is aligned with the Group's strategy and values and is adequately embedded across the Group.

As a Board, we recognise the benefits of understanding the views of all our stakeholders and we ensure that their interests are considered in Board discussions and in our decision making. Details of stakeholder engagement activities during the year, including the work of the designated Workforce Engagement Director, are outlined on pages 99-104.

The Board, in conjunction with the Governance, Nomination and Sustainability Committee, ensures that there are robust plans in place to facilitate Board, executive and senior management succession. During 2021, the Board undertook a formal process to recruit two new non-Executive Directors, both of whom bring skills and experience that will strengthen the Board. Details of the non-Executive Director and Committee changes that occurred during the year, are set out in the Governance, Nomination and Sustainability Committee Report on page 119.

I have served ten years as a Director, including nearly four years as Chairman, and as previously announced I will retire from the Board, and as Chairman, at the next AGM and will be succeeded by Chairman Designate, Tom Moran. His appointment as Chairman Designate followed a formal succession process by a sub-committee of the Board, led by the Senior Independent Director Dr. Hugh Brady.

The Board recognises its role in providing guidance and strategic oversight in relation to the implementation of the Group's 2030 sustainability strategy, *Beyond the Horizon*. Following its official launch in October 2020, the Board expanded the role of the Nomination Committee and renamed it the Governance, Nomination and Sustainability Committee. During the year this Committee monitored how the implementation of the 2030 sustainability strategy was progressing, reviewed performance achieved versus agreed sustainability related commitments and targets,

and considered the enhanced environmental, social and governance reporting disclosures included in the 2021 Annual Report and the separate GRI Sustainability Report.

Diversity at Board level has been a focus for the Governance, Nomination and Sustainability Committee for a number of years and also continues to be a key factor when considering Board refreshment. During 2021, the Committee also monitored the progress made against the diversity targets at senior management level to ensure the appropriate level of skills and diversity exists to support the delivery of the Group's strategy and financial targets. Diversity at Board level in terms of gender, nationality and ethnic background have all been improved. In addition, the Board is committed to achieving the recommended gender diversity target in 2022.

The Group announced, at the Capital Markets Day held in October, its commitment to achieve equal gender representation across all senior management roles by 2030. Improving and monitoring diversity beyond gender and below Board level will continue to be a key area of focus for the Board and the Executive Management in 2022.

Each year the Board undertakes a formal evaluation of its effectiveness and that of its Committees. In 2021, this was an internal self-assessment which was conducted by the Chairman and the Senior Independent Director. The evaluation concluded that the Board and its Committees are performing effectively. Details of the process and the resulting actions from this review are outlined on page 107.

Details of the Group's activities and the operations of the Board, contained in the following report, outline the manner in which the Group has achieved compliance with the Code through the activities and operations of the Board and its Committees during the year.

**Philip Toomey**  
Chairman of the Board

## Board Leadership and Company Purpose

### Kerry Group Governance Framework

Kerry Group has a clear Governance Framework with defined responsibilities and accountabilities as outlined in the diagram below. This Governance Framework is designed to safeguard long term shareholder value and ensure that the Group contributes to wider society.



### Board Role and Operations

The Board currently comprises 14 members; a non-Executive Chairman, Chief Executive Officer, Chief Financial Officer, one other Executive Director, and ten non-Executive Directors.

The Directors are of the opinion that the composition of the Board provides the extensive relevant business experience needed to oversee the effective operation of the Group's activities and that the individual Directors bring a diverse range of skills, knowledge and experience, including financial as well as industry and international experience, necessary to provide effective governance and oversight of the Group.

The Board's role is to promote the long-term sustainable success of the Company generating value for all its stakeholders, including shareholders, employees, customers, suppliers and the communities in which it operates, while developing and monitoring strategy, and managing the risks that face the organisation. It is also responsible for embedding the Company's purpose, instilling the appropriate values and behaviours, together with monitoring and assessing culture throughout the organisation.

The Board continued to oversee the Group's response to COVID-19 providing critical guidance and support to Executive Management. The Board was provided with regular updates on progress, in relation to the health and safety of employees, support for customers and communities, continuity of supply both from suppliers and to customers, and the Group's financial and operational performance.

### Schedule of Matters Reserved for the Board

- Appointments to the Board;
- Ensuring compliance with corporate governance, legal, statutory and regulatory requirements;
- Approval of the overall Group strategic and operating plans;
- Monitoring and reviewing risk management and internal control systems;
- Monitoring and assessing culture;
- Reviewing and assessing the adequacy of the Group's whistleblowing arrangements;
- Approval of acquisitions and divestitures;
- Approval of significant capital expenditure;
- Approval of Treasury policy including changes to the Group's capital structure;
- Approval of dividend policy and dividends;
- Approval of annual budgets;
- Approval of preliminary results, interim management statements and interim financial statements;
- Assessment of the long-term viability of the Group and the going concern assumption; and
- The preparation of, and confirmation that, the annual report and financial statements present a fair, balanced and understandable assessment of the Company's position, performance and prospects.

## Information Flow

The Chairman ensures that all Directors have full and timely access to such information as they require to discharge their responsibilities fully and effectively. Board papers are issued to each Director at least one week in advance of Board meetings and include the meeting agenda, minutes of the previous Board meeting and all papers relevant to the agenda. The Chairman, in conjunction with the Company Secretary, has primary responsibility for setting the agenda for each meeting. All Directors continually receive comprehensive reports and documentation on all matters for which they have responsibility to allow them to fully complete their duties as a Director. All Directors participate in discussing strategy, trading updates, financial performance, significant risks and operational activities in addition to the Group's purpose, vision, values and culture. Board meetings are of sufficient duration to ensure that all agenda items and any other material non-agenda items that may arise are adequately addressed. In addition to formal meetings, the Chairman and Chief Executive Officer maintain regular contact with all Directors. The Chairman holds informal meetings or calls with non-Executive Directors without the Executive Directors to discuss issues affecting the Group.

All directors have access to the advice and services of the Company Secretary, who is responsible for advising the Board on all governance matters. In accordance with an agreed procedure, in the furtherance of their duties, each Director has the authority to engage independent professional advice at the Company's expense.

## Strategy

The Board collaborated with Executive management in the development of the Group's updated strategy and associated mid-term financial targets to help ensure that the direction of the plan was appropriate and a good fit for the Group in the long term. During the year the Board provided input and strategic guidance to Executive management in relation to the strategic priorities, key growth platforms, capital investment requirements, the key risks facing the plan and how they should be addressed and managed. The Board approved the updated strategic plan at the October Board meeting prior to its release at the Capital Markets Day held virtually later that month. The Chairman Philip Toomey, along with a number of Directors, attended the Capital Markets Day on behalf of the Board.

The Board also oversaw and approved the strategic M&A transactions during the year including the disposal of the Consumer Foods Meats and Meals business and the acquisition of Niacet, which significantly enhanced the Group's capability in food preservation.

Presentations were also received from the Company's advisors throughout the year on matters such as the specialty ingredients sector, food trends and their implications for the Group, the future of work and its implications for mergers and acquisitions, as well as corporate defence and shareholder activism. Through these reviews and ongoing discussions on strategy, the Board is confident that Kerry's strategic priorities and

key growth platforms will continue to be the key drivers of organic growth and acquisition investment in the future.

The Board ensures that the decisions it makes are aligned with the achievement of the Group's strategy and are made in the long-term interest of the Group and its stakeholders. This is particularly the case when deciding how to prioritise the allocation of resources (human and financial capital) across competing research and development activities, acquisition opportunities and major capital expenditure projects.

During the year, the Board also reviewed the business model and how it is executed. The Board is satisfied that the business model is both sustainable in the long-term and optimally structured to enable delivery of the Group's strategy. Details of the Group's strategy are outlined in Strategy and Financial Targets on pages 28-31.

## Purpose, Values and Culture

Our Purpose, Inspiring Food, Nourishing Life underpins our culture and is reflected in our values.

The Group's purpose is guided by the Group's Vision to be our customers' most valued partner, creating a world of sustainable nutrition. The Board is satisfied that the updated strategy is aligned to the Group's purpose which is also guided by our Values of Courage, Enterprising Spirit, Inclusiveness, Open-mindedness and Ownership. The Board is led by the Group's purpose during its discussions and when making decisions on the matters that are reserved for its consideration. Further details of the Group's purpose and values are outlined on pages 4 and 16.

The Group's culture is based on a common understanding of our values, underpinned by our practices of Safety First, Quality Always and a robust risk management framework consisting of policies and procedures, including a Code of Conduct which defines business conduct standards for anyone working for, or on behalf of the Group.

The Board recognises the importance of its role in setting the tone of Kerry's culture and embedding it throughout the Group. In addition to the Board, the Executive Team have responsibility to ensure that the policies and behaviours set at Board level are effectively communicated and implemented throughout the Group. The Group's refreshed Code of Conduct, which was approved by the Board during the year, aligns with the Group's purpose and values and the MyKerry internal website provides a platform for employees to access the Group's policies.

The Board monitors and assesses the culture of the Group through a number of mechanisms including compliance with Group policies, internal audit, formal and informal channels for employees to raise concerns, including the Leader Pulse Check, employee engagement survey and the Group's Speak Up arrangements and feedback from the designated Workforce Engagement Director.

## Board Activities

The Board's activities during the year included the items set out below:

### Strategy

- helped shape the refreshed strategy which will evolve the Group as the world's leading taste and nutrition partner for the food, beverage and pharmaceutical markets;
- approved the Group's refreshed strategic plan, the new mid-term financial targets and the enhanced sustainability targets ahead of the Capital Markets Day;
- reviewed and approved the Group's strategy relating to mergers, acquisitions and divestitures; and
- monitored the implementation of the Group's 2030 sustainability strategy *Beyond the Horizon* and progress against targets therein.

### Operational/Commercial

- received regular updates from Executive Directors on how COVID-19 was impacting the Group's operations with a particular focus on employee health & safety;
- approved M&A transactions (including the disposal of the Consumer Foods Meats and Meals business and the acquisition of Niacet) and considered the learnings from completed acquisitions; and
- approved significant capital expenditure projects.

### Financial

- received reports from the Chief Financial Officer at each meeting in respect of the Group's financial performance, including how it was impacted by COVID-19;
- received regular reports from the Chief Financial Officer on Investor Relations activities;
- approved the Group's Preliminary Results, Annual Report and Accounts, Interim Financial Statements and Interim Management Statements;
- approved the payment of an interim dividend and recommended the payment of a final dividend;
- approved the going concern basis of accounting and the long-term viability statement;
- considered and agreed the treasury policy and approved significant treasury activities during the year including the issuance of €750m Sustainability-Linked Notes; and
- approved the Group Budget for the 2022 financial year.

### Internal Controls and Risk Management

- Confirmed that a robust assessment of the Group's principal risks and uncertainties, including emerging risks, was completed and approved the risk appetite for each of the principal risks.
- received regular reports from the Chairman of the Audit Committee on its oversight of internal controls, risks and risk management;
- received regular reports from business and functional leaders on the Group's key risks; and
- confirmed the effectiveness of the internal control and risk management framework.

## Governance and Stakeholders

- received regular reports from the Chairman of the Governance, Nomination and Sustainability Committee on its activities;
- approved the appointment of Mr. Michael Kerr, and Ms. Fiona Dawson as non-Executive Directors and changes to the composition of Board Committees;
- conducted an internally facilitated Board evaluation and considered its outcome;
- considered compliance with the 2018 UK Corporate Governance Code;
- reviewed and approved the Corporate Governance Policy and the Board Diversity Policy;
- confirmed that appropriate arrangements and structures are in place to ensure material compliance with the relevant obligations under Section 225 of the Companies Act 2014;
- confirmed that appropriate structures are in place for the proportionate and independent investigation and follow-up of matters raised through the Group's whistleblowing arrangements; and
- received updates on a range of corporate governance and regulatory matters from external advisors.

## People and Culture

- received regular reports from the Chairperson of the Remuneration Committee on its activities;
- reviewed the results of the employee engagement survey and the Leader Pulse Check conducted in 2021;
- received and considered reports from the designated Workforce Engagement Director on his activities during the year. Details are outlined in Governance in Action on page 104;
- received and considered presentations from the Chief Executive Officer and the Chief Human Resources Officer on talent and succession planning;
- reviewed and approved the Group's refreshed Code of Conduct; and
- monitored and assessed the culture of the Group to ensure it promotes integrity and openness, values diversity and is responsive to the views of shareholders and wider stakeholders.

## Stakeholder Engagement

While the Board's primary duty is to act in a way that promotes the long-term success of the Company for the benefit of the shareholders, the Directors also acknowledge the need to have regard for the interests of all other stakeholders in their discussions and decision making. Engagement with stakeholders enables better informed decision making, thereby increasing the likelihood of long-term successful outcomes. Similarly, the Board also recognises the need to maintain a reputation for high standards of business conduct in its actions and decisions. Details of our stakeholder engagement are set out below:

## Shareholders

**Why we Engage**

Active engagement with shareholders ensures they are aware of the Group's business environment, strategy, performance and sustainability commitments. The views of our shareholders help to inform the strategic decision making of the Board.

**How we Engage**

The Board ensures it has an effective channel of communication with existing and potential shareholders.

The Investor Relations team and Executive Management maintain ongoing engagement with the investment community, through a variety of different mediums including investor meetings and conferences, investor events, ongoing investor calls and correspondence.

During 2021, meetings were held with approximately 1,000 investors and Kerry's Investor Relations team and Executives participated at 21 investor conferences.

A virtual Capital Markets Day was held in October 2021, where Kerry's refreshed strategy, mid-term financial targets and enhanced sustainability commitments were announced. This event was broadcast on Kerry's website and the format involved a number of business presentations, followed by a live questions and answers session with the investment community. A large number of investors accessed the live event, with a significant level of views on the playback facility post the event.

In addition, a significant amount of published material including results releases, presentations, share price information and news releases are accessible to all shareholders on the Group's website [www.kerrygroup.com](http://www.kerrygroup.com).

Shareholder presentations are made at the time of release of the Group's full year and half year results and interim management statements, following which the Chief Executive Officer and Chief Financial Officer provide the Board with an update on feedback received.

The Company's Annual General Meeting (AGM) provides an opportunity for the Directors to deliver presentations and to answer questions of shareholders, both institutional and private.

**Key Topics**

Key topics for shareholders included Group performance and outlook, Kerry's refreshed strategic plan and mid-term targets, portfolio developments, marketplace dynamics, the potential effect from supply chain challenges including the external inflationary pressures, in addition to sustainability strategy, climate change transition and ESG disclosures.

**Our Response**

Regular updates are provided by the Chief Financial Officer to the Board on matters raised by the investment community during the year, as well as updates on the composition of the Group's share register.

When necessary, the Board Chairman and Committee Chairs engage with shareholders on specific topics and where relevant provide feedback to the Directors. During the year, the Remuneration Committee Chairperson consulted with a number of large institutional shareholders in relation to Executive Director Remuneration.

Whilst the 2021 AGM was held in constrained circumstances due to COVID-19 related restrictions, all shareholders were able to exercise their right to vote through the appointment of a proxy. Shareholders were also invited to join, listen to the business of the meeting and to ask questions via a webcast which was accessed through the Company's website. The Company also provided a facility for shareholders to submit questions by email or by post in advance of the AGM.

All the Committee Chairs attended the AGM, and all Committee Chairs were available throughout the year to engage with shareholders.

The Board participated in the development of and approved the refreshed strategy and the new mid-term financial targets as well as the enhanced sustainability targets before their release at the Capital Markets Day held in October.

The Board contributed, reviewed and approved the significant sustainability developments and related reporting enhancements actioned in 2021.

## Employees



### Why we Engage

Regular and ongoing engagement with employees is key to attracting, developing and retaining a talented, dedicated and motivated workforce which ensures the successful delivery of our strategy and achieving our purpose.

### How we Engage

The Group undertakes regular two-way listening activities with our 22,000+ employees throughout the year including one-to-one engagement, employee briefings and Town Halls led by business leadership teams.

Each year the Group runs an employee engagement survey and during October 2021, 88% of our employees participated in the survey, which is followed by leader-led feedback sessions to discuss strengths, opportunities for continued improvement and to agree action plans for the following year.

In addition, an interim Leader Pulse Check was also completed mid-year, targeting our senior leaders across the Group.

The Group's learning and leadership academies over the past 12 months have contributed to enhanced leader engagement, through provided coaching to leaders and access to thought leadership content to enhance their leadership impact, helping to create more positive team environments that value, encourage and support inclusivity.

The Group maintains a wellbeing framework, focused on the pillars of Nutritional, Physical, Emotional and Financial health and provides access to several tools and resources, such as the Employee Assistance Programme.

In 2021, the Group improved communication channels with employees including the introduction of a new dedicated digital employee communication platform.

In addition, the designated Workforce Engagement Director Mr. Tom Moran engaged directly with business leadership teams and employees. Details of these activities are outlined on page 104.

The Group has a Speak Up facility to allow employees and other stakeholders to confidentially report matters of concern so that timely investigation and appropriate action can be taken.

### Key Topics

The employee engagement survey reinforced Kerry's core strengths in the areas of health & safety and customer focus. It also demonstrated that employees have a clear understanding of their roles and how their roles align with the Group's purpose and vision.

Areas identified for focus in 2022 include continuing to put our people first, by promoting a healthy, diverse and positive working environment, ensuring senior leaders communicate clearly how employee's roles contribute to our continued success and empowering our employees to take ownership and make decisions to improve our ways of working and embrace agile working principles so that everyone can perform at their best for Kerry.

A further key topic that arose during 2021 was the impact of the sale of the Consumer Foods Meats and Meals business for employees working in the business and in the wider Group.

### Our Response

The Workforce Engagement Director provided regular feedback to the Board on employee engagement activities during the year.

The Board provided feedback on the global priorities and plans to address the matters raised by employees as part of the employee engagement survey and the Leader Pulse Check.

The Board also received regular updates from the Chief Executive Officer and Chief Human Resources Officer on the health, safety and wellbeing of employees as the impact of the COVID-19 pandemic continued through 2021. The Board ensured that the Group prioritised protecting the safety, health and wellbeing of employees at all times, enabling all 152 manufacturing and R&D facilities to continue to operate through the pandemic.

In approving the disposal of the Consumer Foods Meats and Meals business, the Board considered the impact of the decision on the 4,500 employees who worked in those businesses and ensured that appropriate actions were taken to mitigate the impact on the employees involved.

As part of the Group's ambition to achieve the highest standards of inclusion, diversity, engagement and belonging, the Board approved an enhanced target of equal gender representation within all senior management roles by 2030. In addition, the Board approved the Group signing the United Nations Pledge and Code of Conduct for Business for LGBTI.

The Board approved the new Code of Conduct together with associated enhanced processes and systems to make it easier for employees to Speak Up when they have matters of concern.

The Board approved the Kerry Global Employee Recognition Programme, Inspiring People, which was launched in 2021 and reinforces employee recognition in line with the Group's values.

Details of employee engagement activities are outlined in Our People on pages 14-21, the Sustainability Review on pages 50-74 and the separate GRI Sustainability Report which can be found on the Group's website.

## Customers and Consumers



### Why we Engage

Strong engagement with customers and consumers enables Kerry to operate a customer-centric business model and helps Kerry achieve its Vision of being “our customers’ most valued partner, creating a world of sustainable nutrition”.

### How we Engage

Kerry operates a proven customer-centric business model that enables us to work side by side with customers as their co-creation partner of choice.

The Group interacts with customers on a daily basis at multiple levels from dedicated relationship and account managers, customer and industry conferences as well as tailored innovation forums.

Through collaboration and innovation, the Group helped customers to make healthier and more sustainable products in response to changing consumer needs. This includes assisting customers to enhance the nutritional profile of their products and to reduce food waste. The Group also partnered with customers to reduce complexity and preparation times in the face of labour shortages and social distancing requirements.

The Kerry Health and Nutrition Institute (KHNI) shares Kerry’s scientific expertise and advances awareness of the science of healthier food. Supported by an independent Scientific Advisory Council, KHNI is enabling those within the sector to acquire new knowledge from the Group’s scientists, academics and other experts, as they explore challenges in the food and beverage industry.

### Key Topics

Our customers are responding to the acceleration of key trends in the food and beverage industry, with increased demand for sustainable nutrition solutions, including enhancing health and immunity, plant protein options, and products addressing a diverse range of environmental and social sustainability criteria.

Key topics included the ongoing impact of global end-to-end supply chain challenges, changing consumer needs and preferences and the customers’ ability to operate in an environment impacted by COVID-19.

Our customers also want to reduce food waste and the impact that their production activities have on the planet and in particular on climate change.

### Our Response

Feedback from customer engagement activities was discussed at each Board meeting as part of the business updates provided by the Executive Directors.

The Board approves the Group’s significant investment in Research & Development activities and together with management, ensures that this resource is focused on those projects that can best meet customers’ needs and thereby enable the Group to achieve its purpose and strategic objectives in relation to revenue growth, margin expansion, return on investment and enabling food production in a more environmentally sustainable manner.

During 2021, the Board approved a number of acquisitions, the most significant being the acquisition of Niacet, a global leader in food preservation technologies. This acquisition significantly enhances the Group’s capabilities in food protection and preservation solutions thereby enabling a reduction in food waste. The acquisition of Biosearch Life enhances the Group’s capabilities in proactive nutrition and brings leading clinical research capabilities and functional food technologies across multiple life stages and need states.

As Kerry continues to evolve, the acquisitions and investments completed in 2021 help to underpin the Group’s growth strategy as Kerry continues to partner with customers to create a world of sustainable nutrition.

The Board also considers customer engagement matters as part of the overall Group sustainability strategy and together with the Governance, Nomination and Sustainability Committee, receives updates on these matters from the Group Head of Sustainability. With the increasing importance of environmental and social issues for our customers, the Board also considers the integration of sustainability within our value proposition and received updates on this from the Chief Commercial Officer and the Group Head of Sustainability throughout the year.

Further details are outlined in Our Business Model on pages 22-23, Strategy and Financial Targets on pages 28-31, the Sustainability Review on pages 54-57 and the separate GRI Sustainability Report on the Group’s website.

## Suppliers

**Why we Engage**

By engaging with suppliers, we can ensure they continue to meet Kerry's high standards in product safety, quality, and business ethics, whilst respecting human rights and the environment.

**How we Engage**

Kerry engages with suppliers on a daily basis to manage commercial and operational activities through a dedicated procurement and supply chain function, two way communication, supplier meetings, multi-stakeholder forums and participation at industry conferences.

The Group takes a risk-based approach to supplier assessments to ensure ongoing safety, quality and responsible sourcing.

The Group's suppliers are integral to supporting the delivery of innovative solutions for customers and consumers.

**Key Topics**

Key topics for suppliers include quality and food safety, service levels, business continuity, capacity, cost, innovation and responsible sourcing requirements such as Kerry's Scope 3 carbon target.

During 2021, the ability to supply and the cost of various inputs increased for many suppliers due to a number of factors including COVID-19, extreme weather events, global shipping challenges, labour availability and supply and demand volatility challenges.

**Our Response**

Through the Group's sustainability strategy, *Beyond the Horizon*, the Board ensures that the organisation works with suppliers who provide raw materials to the required safety and quality standards, produced on a sustainable basis and with the proper regard for the fair treatment of workers across the supply chain.

Further details on our responsible sourcing strategy are outlined in the Sustainability Review on pages 65-66 and the separate GRI Sustainability Report on the Group's website.

## Community

**Why we Engage**

By fostering strong relationships with the communities in which we operate, we can help support livelihoods and create a better society whilst protecting the environment.

**How we Engage**

Kerry engages with community representative bodies, charities and leading non-governmental organisations in all the regions in which it operates.

The Group directly supports a range of community projects through its MyCommunity programme and encourages employees to participate in local initiatives through paid volunteer hours.

**Key Topics**

Key topics include employment and local economic development, social inclusion, access to nutrition, food security, and sustainable food production as well as the opportunity for organisations like Kerry to play a lead role in environmental protection and community support.

**Our Response**

The Board considers local community engagements as part of the overall Group sustainability strategy.

In 2021, the Board approved the funding required to enable the Group to embark on a new phase of its partnership with the UN World Food Programme in Burundi while continuing to support the work of Concern Worldwide in Niger and Special Olympics in Europe.

As a leader in the food and beverage industry, the Board ensured that the Group is in a position to play a vital role in the global supply chain providing sustainable nutrition solutions for over a billion consumers.

Further details of these engagements and the Group's MyCommunity programme are outlined in the Sustainability Review on pages 60-61 and the separate GRI Sustainability Report on the Group's website.

**Consideration of Stakeholder Views in the Decision-Making Process**

By understanding the matters of importance to our stakeholders, the Board can consider their needs and concerns in its decision making. The Board ensures that material decisions, which could impact on stakeholder groups, are taken with due regard to their interests.

## GOVERNANCE IN ACTION:

### Designated Workforce Engagement Director – Activities in 2021

Throughout 2021, the designated Workforce Engagement Director, Mr. Tom Moran, participated in engagements to assess employee sentiment at all employee levels, across all group-wide locations and in different workplace contexts. As a result of the global pandemic, the 2021 plan was built on the 2020 activities, enabling him to review the continued progress and further evolution of the Group's employee engagement strategies. In addition, the 2021 plan had a particular focus on the Americas and APMEA regions given the limited opportunities for Mr. Tom Moran to interact with employees in these regions during 2020. Whilst participation in employee engagement activities continued to be virtual in 2021, it is expected to return to some level of in person activities during 2022. Details of the employee engagement activities undertaken by Mr. Tom Moran during 2021 are outlined below:

- attendance at regional executive team meetings and employee townhalls;
- attendance at team meetings held by the Group Information and Communications Technology function;
- participation in briefings on the Group's Integrated Operations Transformation programme, including attendance at monthly plant leader engagement calls in the Americas;
- attendance at regional and global events on the topic of Diversity, Inclusion and Belonging, including Black History Month, International Women's Day and Pride;
- participation in a thought leadership session with our employee engagement survey provider on global trends in employee engagement and impacts on engagement arising from the COVID-19 pandemic;
- participation in briefings on employee engagement strategies from various global business and functional leaders and their teams across all regions;
- participation in briefings on employee career development initiatives across a number of functions, for example our global Research, Development and Applications function.

### Global Priorities for Employee Engagement in 2021 were

- Leadership – inclusive leadership through building effective teams, setting clear goals, and engaging with employees to help them collaborate and be at their best. Ensuring that all employees clearly understand how their role plays a part in achieving Kerry's purpose and vision for the future;
- Talent Development – attracting, developing and retaining talent, recognising people for their contributions, building a positive and inclusive workplace that reflects the broad mix of capabilities and cultural diversity within Kerry, where employees feel they belong; and
- Simplification – employees feeling involved, empowered and enabled to make decisions and take ownership to achieve objectives. Providing opportunities for employees to make suggestions and changes to drive greater simplification across the business.

Mr. Tom Moran held regular meetings with the Chief Human Resources Officer and the Group Human Resources Team to provide his feedback from the engagement activities. He also presented regular reports to the Board on the activities undertaken and shared his feedback and findings where applicable.

He is satisfied that the employee engagement process is being successfully operated within the Group and, despite the pandemic constraints, has been very productive. He, and the officers leading the process, have kept the Board informed on its progress and on the views of the workforce.

## Annual General Meeting

All Directors attend the AGM and are available to meet with shareholders and answer questions as required. Notice of the AGM, proxy statement and the Annual Report and financial statements are sent to shareholders at least 20 working days before the meeting. A separate resolution is proposed at the AGM on each substantially separate issue including a particular resolution relating to the adoption of the Directors' and Auditors' reports and the financial statements. Details of the proxy votes for and against each resolution, together with details of votes withheld are announced after the result of the votes by hand. These details are published on the Group's website following the conclusion of the AGM. At the AGM held on 29 April 2021, there were no material votes cast against any resolutions.

## Whistleblowing Arrangement

The Group's whistleblowing arrangement includes an externally facilitated multi-lingual hotline 'Speak Up' through which all employees and third parties can raise concerns in confidence about possible wrong doings in financial reporting and other matters, 24 hours a day by phone or online.

All whistleblowing incidents are reviewed by the Legal and Ethical Compliance team and formally investigated by the relevant functional heads depending on the nature of the concern raised.

In 2021, the Audit Committee reviewed the whistleblowing incidents and outcomes and provided updates to the Board which enabled the Board to assess the adequacy of the whistleblowing arrangements and to review the reports arising from its operation. The Board is satisfied that the Group's whistleblowing arrangements are operating effectively.

## Division of Responsibilities

### Chairman and Chief Executive Officer

The roles of the Chairman and Chief Executive Officer are separate and the division of duties between them is formally established, set out in writing and agreed by the Board. The Chairman is responsible for leadership of the Board and ensuring its effectiveness in all respects. The Executive Directors, led by the Chief Executive Officer, are responsible for the management of the Group's business and the implementation of Group strategy and policy.

### Senior Independent Director

The principal role of the Senior Independent Director (SID) is to provide a sounding board for the Chairman and to act as an intermediary for other Directors as required. The SID is responsible for the appraisal of the Chairman's performance throughout the year. The SID is also responsible for leading a formal succession process for the role of Chairman. The SID is available to meet shareholders upon request, in particular if they have concerns that cannot be resolved through the Chairman or the Chief Executive Officer.

### Non-Executive Directors

The non-Executive Directors' main responsibilities are to review the performance of management and the Group's financial information, assist in strategy development, and ensure that appropriate and effective systems of internal control and risk management are in place. The non-Executive Directors review the relationship with external auditors through the Audit Committee and monitor the remuneration structures and policy through the Remuneration Committee.

The non-Executive Directors provide a valuable breadth of experience and independent judgement to Board discussions.

### Company Secretary

Each Director has access to the advice and services of the Company Secretary, whose responsibilities include ensuring that Board procedures are followed, assisting the Chairman in relation to corporate governance matters, ensuring the Company complies with its legal and regulatory obligations and facilitating appropriate quality information flows between the business and the Board.

### Commitments

Under the terms of their appointment all Directors agreed to the time commitment schedule which requires them to allocate sufficient time to discharge their responsibilities effectively. This matter is considered by the Governance, Nomination and Sustainability Committee on an ongoing basis in accordance with its Terms of Reference.

All Directors must seek prior approval of the Board in advance of undertaking any additional external appointments. Before approving any additional external appointment, the Board considers the time commitment required for the role. Each proposed external appointment is reviewed independently.

### Independence

The Board, as a whole, has assessed the non-Executive Directors' independence and confirmed that, in its opinion, all non-Executive Directors are independent in accordance with the Code.

### Conflicts of Interest

Under the terms of their appointment all Directors have continuing obligations to update the Chairman as soon as they become aware of a situation that could give rise to a conflict or a potential conflict of interest.

### Board Committees

The Board has three Committees, the Audit Committee, the Governance, Nomination and Sustainability Committee and the Remuneration Committee, which support the operation of the Board through their focus on specific areas of governance.

Each Committee is governed by its Terms of Reference, available from the Group's website [www.kerrygroup.com](http://www.kerrygroup.com) or upon request, which sets out how it should operate including its role, membership, authority and duties. Reports on the activities of the individual Committees are presented to the Board by the respective Committee Chairs.

Further details on the duties, operation and activities of all Board Committees can be found in their respective reports on pages 109-151 and these reports form part of the Governance Report.

### Meetings and Attendance

The Board meets regularly to ensure that all its duties are discharged effectively. All Directors are expected to prepare for and attend meetings of the Board, the Committees of which they are members and the AGM. In the event that a Board member cannot attend or participate in the meeting, the Director may discuss and share opinions on agenda items with the Chairman, Chief Executive Officer, Senior Independent Director or Company Secretary in advance of the meeting.

A total of 11 meetings were held in 2021, with meetings held virtually up until the latter part of the year due to COVID-19 related restrictions to ensure that the health and safety of our Board and colleagues was protected. Individual attendance at the Board and Committee meetings is set out in the table below.

Directors	Board	Audit Committee	Governance, Nomination and Sustainability Committee	Remuneration Committee
Philip Toomey	11/11	-	5/5	-
Edmond Scanlon <sup>1</sup>	11/11	-	-	-
Marguerite Larkin <sup>1</sup>	11/11	-	-	-
Gerry Behan <sup>1</sup>	11/11	-	-	-
Hugh Brady <sup>2</sup>	11/11	5/6	5/5	-
Gerard Culligan	11/11	-	-	-
Karin Dorrepaal	11/11	-	5/5	6/6
Joan Garahy <sup>3</sup>	4/4	3/3	-	2/2
Emer Gilvarry <sup>4</sup>	11/11	6/6	-	4/4
Michael Kerr <sup>5</sup>	7/7	1/1	-	-
Tom Moran <sup>6</sup>	11/11	-	5/5	6/6
Con Murphy	11/11	-	-	-
Christopher Rogers	11/11	6/6	-	6/6
Jinlong Wang <sup>7</sup>	11/11	3/3	-	-

<sup>1</sup> Executive Directors.

<sup>2</sup> Dr. Hugh Brady was unable to attend one committee meeting due to a diary conflict.

<sup>3</sup> Ms. Joan Garahy retired from the Board following the conclusion of the AGM on 29 April 2021.

<sup>4</sup> Ms. Emer Gilvarry was appointed to the Remuneration Committee on 16 June 2021.

<sup>5</sup> Mr. Michael Kerr was appointed to the Board on 3 May 2021 and was appointed to the Audit Committee on 1 November 2021.

<sup>6</sup> Mr. Tom Moran was appointed Chair of the Remuneration Committee on 29 April 2021.

<sup>7</sup> Mr. Jinlong Wang was appointed to the Board on 5 January 2021 and the Audit Committee on 3 May 2021.

Attendance statistics represent: Total number of meetings attended by the Director / Total number of meetings held during the year which they were eligible to attend.

## Composition, Succession and Evaluation

### Board Induction and Development

On appointment to the Board, each new non-Executive Director undergoes a full formal induction programme organised by the Chairman and supported by the Company Secretary. The purpose of the induction programme is to enable new Directors to gain a full understanding of the Group, governance related matters and Directors' duties and responsibilities. The induction programme includes presentations on the Group's operations and results, meetings with Executive Management and an outline of the principal risks and uncertainties facing the Group. Details of the induction programme undertaken by Mr. Michael Kerr are outlined in the Governance in Action below.

#### GOVERNANCE IN ACTION (example):

##### New Director Induction

Mr. Michael Kerr was appointed to the Board on 3 May 2021. Following his appointment, Mr. Kerr underwent a formal induction programme which was tailored to his individual requirements and included the following induction activities.

##### Induction Activities

- provision of a detailed information pack including key corporate governance policies, board papers, financial and strategic documents and information on Directors' duties and responsibilities;
- meetings with the Executive Directors;
- meetings with the Chairman, the Senior Independent Director and Remuneration Committee Chairperson, and the Audit Committee Chairman;
- meetings with functional leaders on matters such as board and corporate governance, internal audit, strategy, investor relations, human resources and sustainability;
- meetings with business leaders of the Taste & Nutrition and the Consumer Foods businesses to obtain an overview of each business;
- meetings with external auditors and other advisors; and
- site visits to see first-hand the Group's operations while engaging with employees and senior management.

Ms. Fiona Dawson who was appointed to the Board with effect from 4 January 2022, will complete a full formal induction programme tailored to her requirements over the coming months.

Throughout the year, the Board as a whole engages in development through a series of consultations with subject matter experts on a range of topics including corporate governance and strategy. Presentations are also made by Executive Directors and senior management on various topics throughout the year in relation to their areas of responsibility.

On an annual basis, an 'off-site' Board meeting is scheduled at a Group location and is combined with a comprehensive schedule of activities over a week-long period, to allow non-Executive Directors further develop their understanding of the Group's activities and meet with local senior management and emerging talent. Due to the COVID-19 pandemic, the 'off site' Board meeting did not take place in 2021.

As part of their personal development plans, individual non-Executive Directors were also afforded the opportunity to visit a number of the Group's international facilities and operations. In 2021, Mr. Michael Kerr visited the Savoury Taste Centre of Excellence and manufacturing facility in Clark, New Jersey, USA and the Global Technology and Innovation Centre in Beloit, Wisconsin, USA. Due to the COVID-19 pandemic, all other non-Executive Directors' international site visits did not occur. Individual Board members training requirements are reviewed with the Chairman and Company Secretary and training is provided to address these needs.

## Board Performance Evaluation

In accordance with provisions of the Code, a performance evaluation of the Board is carried out annually and facilitated externally every third year.

In 2021, the Board conducted an internal self-evaluation of the performance of the Board, Board Committees, the Chairman and individual Directors against a set of pre-defined key criteria. The review was led by the Chairman of the Board and the Senior Independent Director and was facilitated by the Company Secretary. The review was undertaken using Thinking Board, Independent Audit Limited's governance self-assessment process. Independent Audit Limited, based in the UK, is recognised as a leading firm of board reviewers, and has no other connections to the Group.

Topics covered during the Board Performance Evaluation included Board composition and succession planning, board meetings and papers, strategy and financial oversight, mergers and acquisitions, people and culture, stakeholder engagement and risk management.

The Chairman appraised the performance of each of the non-Executive Directors by meeting each Director individually. The key areas reviewed were independence, contribution and attendance at Board meetings, interaction with Executive Directors, the

Company Secretary and senior management, ability to communicate issues of importance and concern, their knowledge and effectiveness at meetings and the overall time and commitment to their role on the Board.

In addition, the Senior Independent Director formally appraised the performance of the Chairman. This appraisal was similar to the non-Executive Director evaluation process which included feedback from all Directors on the Chairman's performance during the year.

In December 2021, the non-Executive Directors met without the presence of the Executive Directors and, led by the Chairman, undertook a formal review of the performance of the individual Executive Directors.

To conclude on the appraisal of the non-Executive Directors, the Chairman and the Executive Directors, results are collated, summarised and presented to the Board. The appraisal process concluded that each Director is performing well and is committed to their role in terms of dedication of time and attendance at meetings.

At the December Board meeting, the Board considered the outcomes of the Board evaluation report (including the Board Committees). Overall, the Board concluded that no area of significant weakness had been identified and that it and its committees operated effectively throughout the period under review. A number of points for improvement were identified and action plans established to address them. The areas for further improvement identified from the 2021 performance evaluation included recommendations relating to Board composition and succession planning, executive succession planning, structure and content of Board papers, director training, stakeholder engagement and the appropriate time allocation between strategic priorities and other matters at Board meetings.

Progress against recommendations from the previous evaluation were also considered and the Board is satisfied that improvements have been made which have enhanced the operation and effectiveness of both the Board and its Committees.

The Chairman, along with the Company Secretary, will ensure that areas for improvement identified from the 2021 evaluation report and areas for consideration arising from the Directors' appraisal, where identified, will be considered during 2022.

In line with the requirements of the Code, the performance evaluation of the Board in 2022 will be externally facilitated, three years since the last externally facilitated evaluation in 2019.

## Audit, Risk and Internal Control

### Risk Management and Internal Controls

The internal control framework in Kerry Group encompasses the policies, processes, tasks and behaviours, which together facilitate the Group's effective and efficient operation by enabling it to respond appropriately to significant business, operational, financial, compliance and other risks to achieve its business objectives.

The systems which operate in Kerry Group provide reasonable, but not absolute, assurance on:

- the safeguarding of assets against unauthorised use or disposition; and
- the maintenance of proper accounting records and the reliability of the financial information produced.

The Board has delegated certain duties to the Audit Committee in relation to the ongoing monitoring and review of risk management and internal control systems. The work performed by the Audit Committee is described in its report on pages 109-114.

Full details of the risk management systems are described in the Risk Management Report on pages 75-78.

The principal risks and uncertainties facing the Group, including those that could threaten the business model, future performance, solvency or liquidity are described on pages 78-84. Emerging risks are also identified, analysed and managed as part of the same process as the Group's other principal risks as described on page 78. The Directors confirm that they have carried out a robust assessment of these risks and the actions that are in place to mitigate them.

The Directors confirm that they have also reviewed the effectiveness of the systems of risk management and internal control which operated during the period covered by these financial statements and up to the date of this report. Based on the review performed, the Directors concluded that for the year ended 31 December 2021, the Group's systems of risk management and internal control were effective. The procedures adopted comply with the guidance contained in Guidance on Risk Management, Internal Control and Related Financial and Business Reporting as published by the Financial Reporting Council in the UK.

### Features of Internal Control in Relation to the Financial Reporting Process

The main features of the internal control and risk management systems of the Group in relation to the financial reporting process include:

- the Board review and approve a detailed annual budget and monitor performance against the budget through periodic Board reporting;
- prior to submission to the Board with a recommendation to approve, the Audit Committee review the Interim Management Statements, the Interim and Annual Consolidated Financial Statements and all formal announcements relating to these statements;
- adherence to the Group Code of Conduct and Group policies published on the Group's intranet ensures the key controls in the internal control system are complied with;
- monthly reporting and financial review meetings are held to review performance at business level ensuring that significant variances between the budget and detailed management accounts are investigated and that remedial action is taken as necessary;
- the Group has a Financial Compliance function to establish compliance policies and monitor compliance across the countries in which the Group operates;
- the Group operates an internal control self-assessment process covering material finance, operational and compliance controls across the Group;
- a well-resourced and appropriately skilled Finance function is in place throughout the Group;
- completion of key account reconciliations at reporting unit and Group level;
- centralised Taxation and Treasury functions and regional Shared Service Centres established to facilitate appropriate segregation of duties;
- the Group Finance Committee has responsibility for raising finance, reviewing foreign currency risk, making decisions on foreign currency and interest rate hedging and managing the Group's relationship with its finance providers;
- the Board, through the Audit Committee, completes an annual assessment of risks and controls;
- appropriate ICT security environment; and
- the Internal Audit function continually reviews the internal controls and systems and makes recommendations for improvement which are reported to the Audit Committee.

### Fair, Balanced and Understandable

The Directors have concluded that the Annual Report and Consolidated Financial Statements, taken as a whole, provide the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy and is fair, balanced and understandable. This assessment was completed by the Audit Committee and the activities undertaken in reaching this conclusion are outlined on page 111.